

**THE LETHBRIDGE YOUNG MEN'S
CHRISTIAN ASSOCIATION**

FINANCIAL STATEMENTS

For the year ended August 31, 2017

THE LETHBRIDGE YOUNG MEN'S CHRISTIAN ASSOCIATION
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August 31, 2017

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INDEPENDENT AUDITOR'S REPORT

To: The Board of Directors of
The Lethbridge Young Men's Christian Association

We have audited the accompanying financial statements of The Lethbridge Young Men's Christian Association, which comprise the statement of financial position as at August 31, 2017, and the statements of operations, changes in net assets and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Canadian accounting standards for not-for-profit organizations, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the organization's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the organization's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of The Lethbridge Young Men's Christian Association as at August 31, 2017, and the results of its operations and its cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.



Lethbridge, Alberta

November 13, 2017

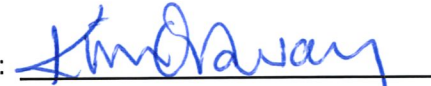
Chartered Professional Accountants

THE LETHBRIDGE YOUNG MEN'S CHRISTIAN ASSOCIATION
STATEMENT OF FINANCIAL POSITION
As at August 31, 2017

	2017	2016
ASSETS		
Current		
Cash	\$ 303,704	\$ 141,714
Accounts receivable (note 3)	239,820	184,069
Inventory	617	498
Prepaid expenses	4,543	1,462
Deposits	-	4,922
	548,684	332,665
Investments (note 4)	29,252	27,805
Funds held in trust (note 5)	3,752,949	-
Capital assets (note 6)	1,115,638	1,086,277
	\$ 5,446,523	\$ 1,446,747
LIABILITIES AND NET ASSETS		
Current		
Accounts payable and accrued liabilities	\$ 127,076	\$ 93,494
Government remittances payable	31,758	29,064
Deferred revenue (note 8)	249,195	210,238
GST payable	3,555	3,547
Current portion of callable debt	12,602	-
	424,186	336,343
Callable debt (note 7)	46,249	-
	470,435	336,343
Unamortized capital contributions (note 9)	764,389	750,717
Deferred donation - Cor Van Raay (note 10)	3,752,949	-
Deferred Y's Men's youth camp revenue	33,938	33,938
	5,021,711	1,120,998
Net assets		
Unrestricted	103,162	(37,616)
Invested in capital assets	292,398	335,560
Endowment fund (note 11)	29,252	27,805
	424,812	325,749
	\$ 5,446,523	\$ 1,446,747

Approved on behalf of the board:

Director: 

Director: 

THE LETHBRIDGE YOUNG MEN'S CHRISTIAN ASSOCIATION
STATEMENT OF OPERATIONS
For the year ended August 31, 2017

	2017 Budget (unaudited)	2017 Actual	2016 Actual
Revenue			
Memberships	\$ 1,087,896	\$ 1,198,585	\$ 1,059,381
Grants	282,594	242,106	117,858
YMCA camps	199,000	200,724	174,610
Programs	199,356	155,608	184,736
Strong Kids campaign	100,000	120,785	101,331
Day passes	31,200	42,705	33,546
Casino	-	21,490	-
Food services and merchandise	15,000	14,925	14,029
Facility rent	15,400	13,558	16,783
GST	14,000	9,737	12,350
Donations	-	5,395	-
	1,944,446	2,025,618	1,714,624
Expenses			
Wages, salaries and benefits	1,096,668	1,069,592	1,113,796
Repairs and maintenance	159,376	164,445	147,150
Crossings readiness expense	191,234	130,137	2,500
Utilities	114,605	128,103	117,812
Program and camp supplies	96,385	93,267	73,353
Advertising and promotion	30,550	43,481	37,277
Staff and volunteer development	58,675	39,198	38,431
Office	37,000	34,969	32,787
National and Provincial dues - YMCA	32,160	34,512	31,794
Interest and bank charges	21,600	28,499	20,011
Professional fees	20,800	23,414	25,532
Insurance	17,400	22,633	20,473
Merchandise	9,000	9,912	10,402
Strong Kids	5,000	7,700	15,885
	1,890,453	1,829,862	1,687,203
Excess of revenue over expenses from operations	53,993	195,756	27,421
Other revenue (expenses)			
Amortization of deferred capital contributions	-	90,845	85,985
Unrealized gain (loss) on investments	-	868	(2,040)
Investment income	-	615	1,807
Equipment purchases	(18,100)	(47,330)	(1,466)
Amortization	-	(141,691)	(133,162)
	(18,100)	(96,693)	(48,876)
Excess (deficiency) of revenue over expenses	\$ 35,893	\$ 99,063	\$ (21,455)

THE LETHBRIDGE YOUNG MEN'S CHRISTIAN ASSOCIATION
STATEMENT OF CHANGES IN NET ASSETS
For the year ended August 31, 2017

	Unrestricted	Invested in capital assets	Endowment fund	Total 2017	Total 2016
Balance, beginning of year	\$ (37,616)	\$ 335,560	\$ 27,805	\$ 325,749	\$ 347,204
Excess (deficiency) of revenue over expenses	99,063	-	-	99,063	(21,455)
Purchase of capital assets	(171,052)	171,052	-	-	-
Amortization of capital assets	141,691	(141,691)	-	-	-
Amortization of deferred capital contributions	(90,845)	90,845	-	-	-
Deferred capital contributions received	104,517	(104,517)	-	-	-
Investment income	(579)	-	579	-	-
Unrealized gain on investments	(868)	-	868	-	-
Proceeds of callable debt	67,000	(67,000)	-	-	-
Repayment of callable debt	(8,149)	8,149	-	-	-
Balance, end of year	\$ 103,162	\$ 292,398	\$ 29,252	\$ 424,812	\$ 325,749

THE LETHBRIDGE YOUNG MEN'S CHRISTIAN ASSOCIATION

STATEMENT OF CASH FLOWS

For the year ended August 31, 2017

	2017	2016
Cash flows from operating activities		
Excess (deficiency) of revenue over expenses	\$ 99,063	\$ (21,455)
Adjustments for items which do not affect cash		
Amortization	141,691	133,162
Amortization of deferred capital contributions	(90,845)	(85,985)
Unrealized (gain) loss on investments	(868)	2,040
	149,041	27,762
Change in non-cash working capital items		
Accounts receivable	(55,751)	(133,686)
Inventory	(119)	562
Prepaid expenses	(3,081)	(903)
Deposits	4,922	(4,922)
Accounts payable and accrued liabilities	33,582	(13,187)
Government remittances payable	2,694	7,937
Deferred revenue	38,957	178,242
GST	8	(117)
	170,253	61,688
Cash flows from investing activities		
Increase in investments	(579)	(1,771)
Purchase of capital assets	(171,052)	(9,495)
Capital contributions expended	104,517	-
	(67,114)	(11,266)
Cash flows from financing activities		
Proceeds of callable debt	67,000	-
Repayment of callable debt	(8,149)	-
	58,851	-
Net increase in cash	161,990	50,422
Cash, beginning of year	141,714	91,292
Cash, end of year	\$ 303,704	\$ 141,714

THE LETHBRIDGE YOUNG MEN'S CHRISTIAN ASSOCIATION
NOTES TO THE FINANCIAL STATEMENTS
For the year ended August 31, 2017

1. Nature of operations

The Lethbridge Young Men's Christian Association (YMCA) is a not-for-profit organization and a registered charity under the Income Tax Act that is dedicated to the growth of persons in spirit, mind, and body and the development of a sense of responsibility to each other and to the global community. The YMCA utilizes its facilities, programs, and services to achieve this objective.

2. Significant accounting policies

These financial statements are prepared in accordance with Canadian accounting standards for not-for-profit organizations. The significant policies are detailed as follows:

(a) Revenue recognition

The YMCA follows the deferral method of accounting for contributions. Restricted contributions are recognized as revenue in the year in which the related expenditures are incurred. Unrestricted contributions are recognized as revenue when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.

Membership fees are recognized as revenue over the term of the membership. The portion of the annual membership paid before year end which relates to months after year end has been included in deferred revenue.

Program, camp and day passes and other service revenues are recognized as income in the period the services are provided.

(b) Financial instruments

The YMCA initially measures its financial assets and liabilities at fair value.

The YMCA subsequently measures all its financial assets and financial liabilities at amortized cost, except for investments in equity instruments that are quoted in an active market, which are measured at fair value. Changes in fair value are recognized in net income.

(c) Cash and cash equivalents

The YMCA includes cash on hand, funds held by financial institutions in operating accounts, cheques issued in excess of cash on hand, and an operating loan in the determination of cash and cash equivalents.

(d) Inventory

Inventory is valued at the lower of cost and net realizable value. Cost is determined using the specific item method.

(e) Capital assets

Capital assets with a value of \$5,000 or more are capitalized and recorded at cost. The YMCA provides for amortization using the straight-line method at rates designed to amortize the cost of the capital assets over their estimated useful lives. The annual amortization rates are as follows:

Building	40 years
Building improvements	20 years
Equipment	5 years

THE LETHBRIDGE YOUNG MEN'S CHRISTIAN ASSOCIATION
NOTES TO THE FINANCIAL STATEMENTS
For the year ended August 31, 2017

2. Significant accounting policies, continued

- (f) **Contributed services**
Volunteers occasionally contribute time to assist the YMCA in carrying out certain programs. Because of the difficulty of determining their fair value, contributed services are not recognized in the financial statements.
- (g) **Net assets invested in capital assets**
The YMCA has chosen to continue to treat net assets invested in capital assets as a separate component of net assets.
- (h) **Income taxes**
Under Section 149(1)(f) of the Income Tax Act, the YMCA is exempt from income taxes on income earned in the normal course of business.
- (i) **Measurement uncertainty**
The preparation of financial statements in conformity with Canadian accounting standards for not-for-profit organizations requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reported period. Actual results could differ from those estimates.

3. Accounts receivable

	2017	2016
Graham Greenslade estate donation	\$ 117,975	\$ -
Canada summer jobs grant	77,371	12,015
Golf tournament proceeds	33,768	34,775
City of Lethbridge grants	4,575	129,242
Other	6,131	8,037
	<u>\$ 239,820</u>	<u>\$ 184,069</u>

4. Investments

	2017	2016
CI funds (cost \$22,634)	\$ 28,618	\$ 27,171
Cash	634	634
	<u>\$ 29,252</u>	<u>\$ 27,805</u>

These investments are internally restricted as an endowment (note 11).

THE LETHBRIDGE YOUNG MEN'S CHRISTIAN ASSOCIATION
NOTES TO THE FINANCIAL STATEMENTS
For the year ended August 31, 2017

5. Funds held in trust

	2017	2016
Donation - Cor Van Raay	\$ 3,750,000	\$ -
Accrued interest	2,949	-
	<u>\$ 3,752,949</u>	<u>\$ -</u>

The amount related to a capital campaign donation is held in trust with Stringam LLP.

6. Capital assets

	2017			2016	
	Cost	Accumulated amortization	Net		Net
Building	\$ 853,724	\$ 853,724	\$ -	\$	-
Building improvements	2,808,938	1,784,390	1,024,548		1,053,628
Equipment	591,726	500,636	91,090		32,649
	\$ 4,254,388	\$ 3,138,750	\$ 1,115,638	\$	1,086,277

7. Callable debt

	2017	2016
Alberta Treasury Branches This loan is repayable at \$1,225 per month including interest at the prime rate plus 1%. Security pledged as noted in note 12. The loan is due in 2018.	\$ 58,851	\$ -
Repayable within one year	12,602	-
	<u>\$ 46,249</u>	<u>\$ -</u>

Estimated principal repayments based on currently accepted repayment terms are as follows:

2018	\$ 12,602
2019	13,109
2020	13,636
2021	14,185
2022	5,319
	<u>\$ 58,851</u>

THE LETHBRIDGE YOUNG MEN'S CHRISTIAN ASSOCIATION
NOTES TO THE FINANCIAL STATEMENTS
For the year ended August 31, 2017

8. Deferred revenue

Deferred revenue represents unspent resources received in the current period that are related to the subsequent period. Changes in the deferred revenue balance are as follows:

	Balance, beginning of year	Received	Recognized	Balance, end of year
Community Foundation	\$ 8,000	\$ -	\$ (8,000)	\$ -
Crossings readiness	47,901	150,000	(113,224)	84,677
City of Lethbridge	120,997	-	(96,441)	24,556
CFEP	-	40,000	(40,000)	-
Graham Greenslade estate	-	117,975	-	117,975
Heart of Our City	-	2,500	(2,500)	-
Canada Summer Jobs/STEP	-	87,756	(87,756)	-
Membership fees	33,340	38,513	(57,678)	14,175
Casino funds	-	29,302	(21,490)	7,812
	<u>\$ 210,238</u>	<u>\$ 466,046</u>	<u>\$ (427,089)</u>	<u>\$ 249,195</u>

9. Unamortized capital contributions

Unamortized capital contributions represent contributed capital assets and restricted contributions with which a portion of the YMCA's building, subsequent renovations and equipment were funded. The changes in unamortized capital contributions for the year are as follows:

	2017	2016
Beginning balance	\$ 750,717	\$ 836,702
Capital contributions	104,517	-
Amounts amortized to revenue	(90,845)	(85,985)
	<u>\$ 764,389</u>	<u>\$ 750,717</u>

10. Deferred donation - Cor Van Raay

	2017	2016
Donation - Cor Van Raay	\$ 3,752,949	\$ -

This amount is restricted for the purposes described in the community campaign which will support the YMCA in four general areas: health and wellness initiatives, youth programs and program development, early learning and childcare program development, and program legacy fund.

THE LETHBRIDGE YOUNG MEN'S CHRISTIAN ASSOCIATION
NOTES TO THE FINANCIAL STATEMENTS
For the year ended August 31, 2017

11. Endowment fund

Effective September 1, 2003 the Endowment Fund of the Lethbridge Young Men's Christian Association transferred all of its assets into the YMCA. The purpose of the endowment fund is to provide ongoing support to the YMCA. The principal balance is designated to remain in the fund. Interest income can be used for community programs and facilities of the YMCA.

12. Operating line

A revolving operating loan has been authorized by Alberta Treasury Branches to a maximum of \$150,000 and bears interest at the bank's prime lending rate plus 1%. Security pledged consists of a general security agreement covering all present and after-acquired personal property. The loan was not drawn upon during the year.

13. Commitments

The YMCA and the City of Lethbridge have negotiated an agreement where the YMCA will operate the warm-side of the new Crossings Leisure Complex in West Lethbridge, which is currently under construction. The operating agreement was approved in September 2017.

The YMCA has agreed to make capital contributions up to a maximum amount of \$2,550,000 under the operating agreement, subject to adjustments after final construction and acquisition costs.

The City has committed to provide funding to the YMCA to a maximum of \$4,716,200, payable over a four year period, commencing in 2019 as follows:

2019	\$	2,192,700
2020		1,394,400
2021		843,200
2022		285,900
		<hr/>
		\$ 4,716,200

The YMCA has made a commitment with YMCA Canada for one time costs for technology for the use of YMCA Canada's DFM software. This amount will be paid over the next five years as follows:

2017	\$	1,836
2018		5,508
2019		5,508
2020		5,508
2021		4,106
		<hr/>
		\$ 22,466

14. Lease commitments

The YMCA leases its land for \$1 per year from the City of Lethbridge under a 99 year lease entered into January 1967.